



The Influence of Production Management Techniques on Organizational Transformation: A Case Study

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ABSTRACT:

A plant located on the eastern coast of India began commercial production in 1986, extracting minerals from beach sand. Initially staffed with 1300 employees and equipped with a fair-weather port for mineral export, the plant faced ongoing challenges with industrial relations and technical issues. These challenges prevented the plant from reaching its rated capacity. Trade unions, supported by political interests, made it difficult for management to enforce discipline, often resorting to pressure tactics. Consequently, the plant accumulated significant losses. However, a change in management brought a transformation with a new vision. Through the introduction of innovative management techniques, reforms, and rehabilitation measures, production surpassed the rated capacity. This turnaround wiped out losses and revitalized the plant. This paper discusses the various measures and managerial techniques adopted to achieve this transformation

Keyword: Production Operation Management, Organisation, Management Techniques.

1. INTRODUCTION

This paper explores the change strategies implemented by a specific plant in Orissa, India, to transform from loss to profit. The plant, involved in mineral extraction from beach sand, commenced commercial production in 1986 with a workforce of 1300 employees and a fair-weather port for product export. However, it faced various issues related to industrial relations and technical challenges, leading to an inability to reach its rated capacity. Trade unions, backed by vested political interests, hindered management's ability to enforce discipline, often resorting to pressure tactics. Consequently, the plant incurred substantial losses. A change in management brought a new vision to transform the loss-making enterprise into a profitable one. Through the introduction of innovative management techniques, reforms, and rehabilitation measures, the plant surpassed its rated capacity, thereby eliminating losses and revitalizing the organization.

2. VARIOUS TECHNIQUES FOR IMPROVEMENT IN ORGANISATION 2.1 Trade Unionism

The trade union movement in India had its worst period during the 1980s, particularly in the eastern region. Fragmentation among political parties led to a crisis in their political identities, and to counter this they tried to increase their mass base and sphere of influence. During that period, the practice of industrial managers dividing workers for easy administration proved handy for them. To serve their vested interests, the political parties extended affiliation to each group of workers.

The main goals of such affiliations were:

- 1) To increase the mass base of the party through the trade unions
- 2) To extend its sphere of influence
- 3) To exercise control over the managements of industrial units for achieving their own ends and
- 4) To control industrial infrastructure to their advantage.

The passive attitude of the State as well as the district administration helped them, and compounded the

difficulties that the management faced in maintaining discipline. The management became a tool in the hands of these political parties. There was a total collapse of administration and the conditions were totally chaotic, with various workers' unions fighting against each other. The plant almost came up for closure.

2.2 Change of Leadership

Then came a change in leadership, a last-ditch effort to save the plant. The new leader set an example by uniting the workers—a challenging task that required constant persuasion of various unions, political group leaders, the district administration, and the State government. The leader led by example, adhering to the rules and regulations he established. He promoted discipline, ensured worker participation in decision-making, implemented fair decisions, monitored performance impartially, maintained transparency in administration, recognized and rewarded good work, and motivated employees to give their best effort. These efforts fostered trust in the new leadership, which had been lacking previously. Welfare measures were introduced for all employees and in the surrounding villages, generating goodwill within the plant and the local community. Consequently, the leader gained acceptance from all.

Rehabilitation of plant equipment

The plant equipment was not performing as desired during the first couple of years of its operation, due to various reasons. This was one of the factors that led to decline in motivation of the employees, with consequent indiscipline and chaotic conditions. It is true that whenever a new plant is commissioned, it faces several teething problems. These problems are normally solved during the plant's gestation period. But in this case, the prevailing chaotic conditions arising from trade unionism and infighting among various groups compelled the management to devote more time to sorting out their differences instead of concentrating on rehabilitation of the equipment. Later, when the management became totally ineffective, this problem lost its priority and took a back seat. The new leader recognized this fact, and undertook a time-bound rehabilitation program for the plant's equipment.

2.3 Motivation of workers

Various techniques are typically available for motivating employees. However, in this case, internal differences among the workers posed a challenge to motivation. To address this issue, a decision was made during a workers' participation meeting to form teams, each led by a manager acting as team leader, and supported by a group of officers selected based on their expertise. This strategy proved effective. The rehabilitation program was divided into tasks, with each team assigned one task. Initially, teams were tasked with analyzing their assigned problems and proposing solutions within a set timeframe. This prompted teams to hold regular group meetings to discuss and formulate joint strategies. Later, strategies formulated by each team were discussed and finalized at plant review meetings attended by all teams. Necessary support was provided by all departments. This approach not only fostered unity among various worker groups but also promoted harmony between officers and workers, which had been lacking previously. It also instigated healthy competition among teams to complete their assignments within set timeframes, greatly enhancing motivation among the teams.

Effective utilization of working hours

Earlier, working hours were not effectively used. The competition generated among the various teams to complete their assignments within their stipulated time-frames, motivated them not only to work harder but also to put in extra hours if required. The management, in recognition of their extra efforts, suitably rewarded them. The management also extended support by providing certain welfare measures at the work area. Certain welfare measures were also provided to all employees closer to their work environment, which resulted in the elimination of much unnecessary activities. This helped increase the effective utilization of working hours.

2.4 Harmony among employees

Since the workers had earlier been divided amongst themselves and infighting was high, often instigated and intensified by their politically affiliated leaders, the management thought it fit to bring harmony among them. Through the human resource department, the management instituted various social and community development activities. Both employees and their families were encouraged to participate in these programs. Management also introduced various incentives in recognition of meritorious service. Biweekly meetings were also organized in the plant for interaction amongst various teams, and team members were encouraged to talk about the problems they faced with respect

to their work. This helped to improve understanding and co-operation among the teams, which ultimately translated into increased productivity. Inadequate resource and material requirement planning, purchase and not getting material in right time, lower quality of material received, etc. were some of the problems discussed. These were sorted out and, as a result, possible delays were avoided. The required material or spare parts could hereafter be issued at any time of the day.

2.5 Focus on Information Technology

Consequent on the introduction of ISO -9001, all the departments were computerized for easy accessibility of information. The entire network was connected by LAN. This further helped towards procurement of material in time and the smooth functioning of all other sub-systems. A Management Information System department was created to analyse and suggest corrective or remedial measures if any, to be taken up in case of any deviation in production or any other system.

2.6 Focus on Training

Training and re-training of workers plays an important part in developing and improving the skill of employees. Training and refresher training courses were formulated keeping in mind the needs of the hour. Expert faculties were invited to provide training to the employees in various fields. Representatives of equipment manufacturers were invited to speak about latest developments to update the knowledge of operators. Maintenance workshops were organized to further develop the skills of maintenance staff. Management courses were organized for officers to familiarize them with latest developments in management techniques. Behavioural science classes were conducted to understand the psychology of workers as well as their leaders and various measures were adopted to keep them motivated. Shop floor training classes were also organized.

2.7 Commitment

Commitment toward achieving the set goals, targets and objectives was monitored by the leader and discussed every month in a review meeting. Each team manager along with the respective group set their goal/commitment to meet the organizational objectives. Each section, while discussing the progress, further divided the commitment to groups and individuals and monitored the progress on a day-to-day basis. Feedback was received of their performance/commitment to their objective. Good work was encouraged by publishing their names and photographs in the respective section's notice board. Thus, a healthy competition was generated amongst the employees to perform better.

3.0 Competition

In addition to fostering a competitive attitude among members within a team, a similar competition was also organized amongst the various sections/teams while comparing their group work and performance in review meetings. At first, it was difficult to compare performances across teams, as the nature of the work/responsibility was different. However, a common ground and common goal/commitment of each team was set as a basis to measure the team's relative performance. This helped mostly increase productivity, and losses were minimized. Unnecessary costs were cut down or reduced. Job scheduling and material segment planning were studied and improved and unnecessary activities were eliminated, which had a further incremental effect to companies bottom-line. This also improved the cost and quality of products, considering that the product became more competitive.

3.1 Openness/Transparency

Earlier, there had been a strong feeling among all the teams that the administrators were not transparent. The administration was not open, and as a result employees did not have trust in the management. Lack of transparency was not only a cause of indiscipline but also intensified groupism and division among the workers, thus leading to further loss of confidence in the management. The human resource department was therefore revamped; new managers with creativity, innovative thinking, and the ability to generate confidence amongst the employees were inducted. Thus, the entire human relations/industrial relations environment was changed.

3.2 Welfare

The new management worked towards welfare of employees. Certain steps/provisions of welfare were extended to all employees. All were provided with one type of uniform, without having any distinction amongst workers and officers. Rules were set for everyone to follow, workers and officers alike. All of them were required to report to work in uniform and required to punch the timecard in a punching machine. Welfare measures were provided to all without any distinction.

3.3 Monitoring

Review meetings were conducted every month to review the performance of each team/group/section. Higher standards in achievements were encouraged by a system of publicly recognizing

meritorious work. Where goals/commitments could not be achieved, the same was analysed. The strengths and weaknesses of the section/group leader and their representatives were analysed. The new leader extended an unequivocal helping hand to strengthen the groups and eliminate the weakness.

3.4 CONCLUSION

Thanks to these initiatives, the plant, previously on the verge of closure, experienced a revival. Not only did it surpass its nameplate capacity, but it also exported its entire production, resulting in significant profits. Within a couple of years, the accumulated losses were completely eliminated, and the plant consistently turned a profit. This success greatly boosted employee morale, leading to increased enthusiasm and vigor in their work. The turnaround was made possible by a change in management philosophy, introducing new and efficient strategies to completely transform the work environment

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